



**U.S. Senator Arlen Specter**  
and  
**U.S. Small Business Administration**  
Present



# How to Survive and Thrive in a Slowdown

**November 17, 2008**

**8:30am—12:30pm**

**William J. Green Federal Building  
2nd Floor, Conference Rooms A & B  
600 Arch Street  
Philadelphia, PA 19106**

*The following presentation was conducted by:*

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*The Empowerment Group*

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## ***OBJECTIVES:***

1. Explain a practical method which allows entrepreneurs to creatively organize their business processes, identify problems and create solutions.
2. Encourage those thinking of starting a business to take the plunge.

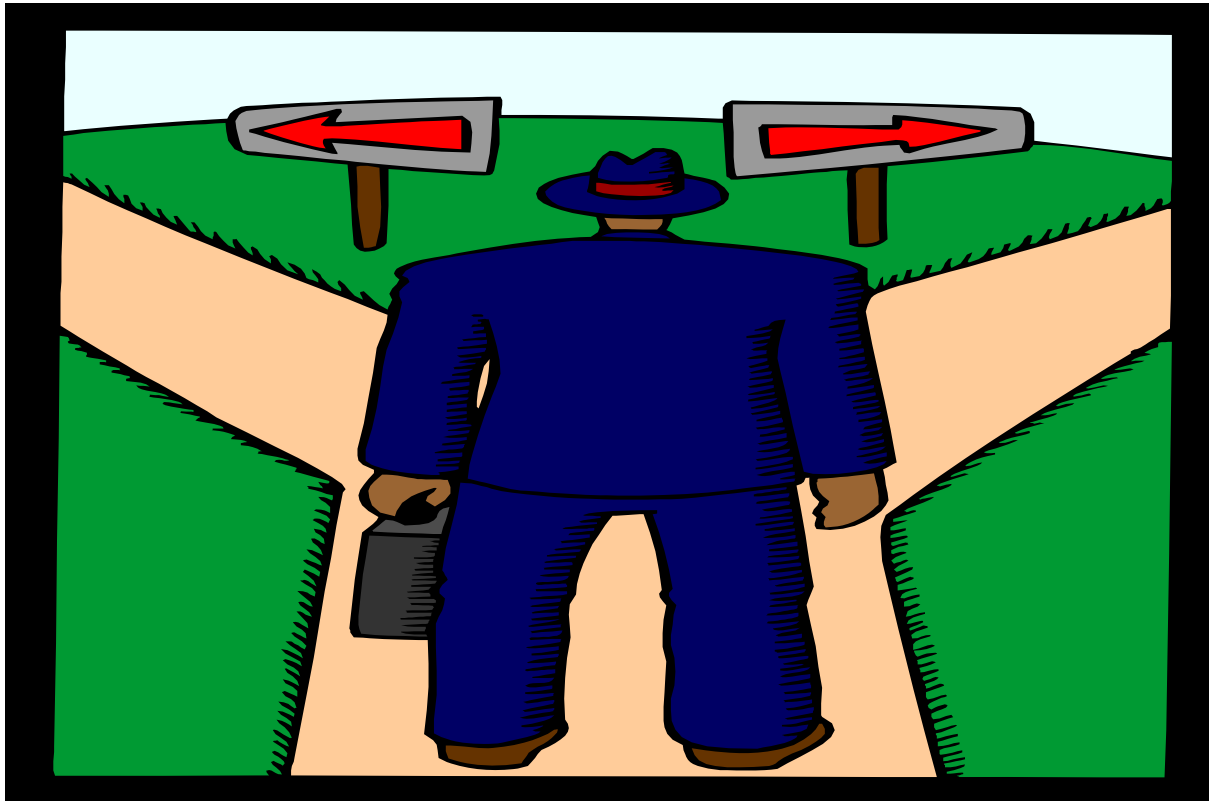
## Back to Basics

- Operations is about logistics.
  - Logistics is the planning, implementation, and coordination of the details of a business or other operation.
  - The objective of logistics is to get your product to the customer.
- That is the most important goal.

## Back to Basics

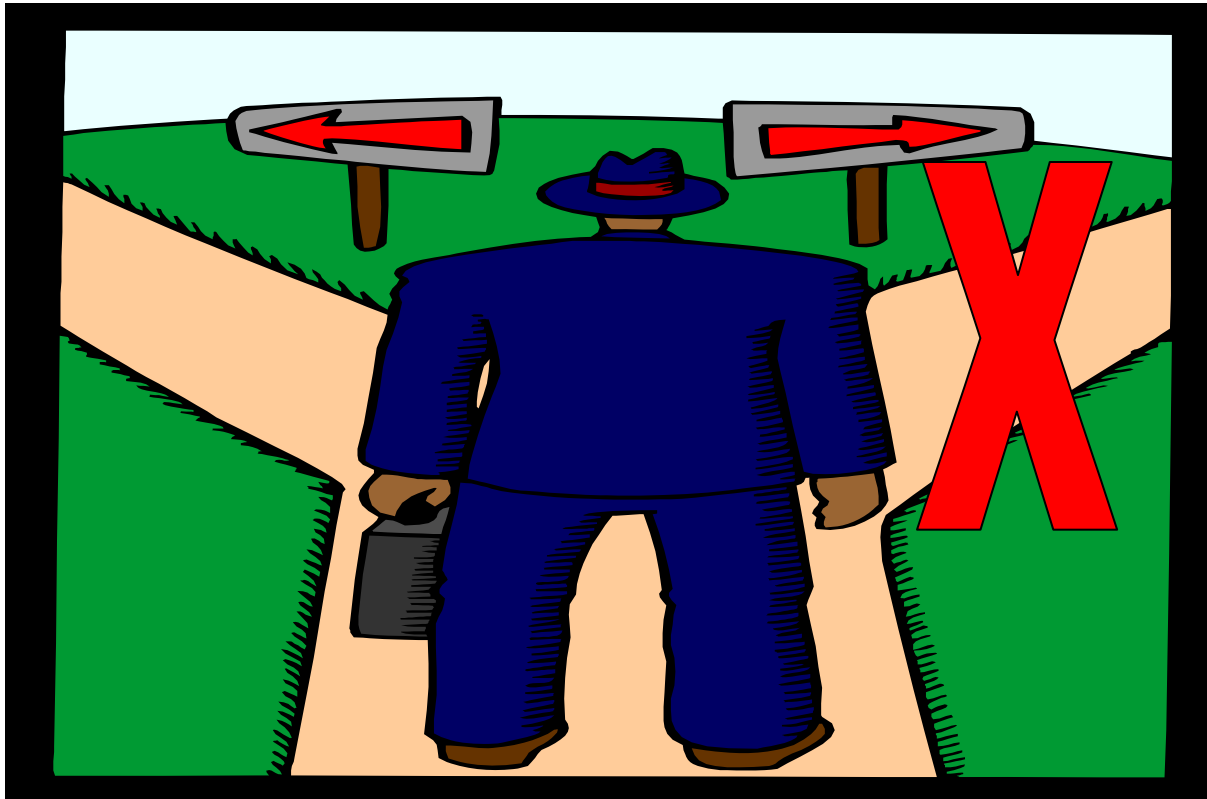
- Streamlining Operations requires two things:
  1. Making Decisions
  2. Finding The Waste in Your Logistics, and/ or Standard Operating Procedures.

When you make a choice how many decisions do you make?



## Two

- 1) The decision to choose one Path and 2) The decision not to choose the other.



## Flow Charting

Flow charting is the next step in streamlining your operations.

### Why use it?

Use it to identify the actual flow or steps in a process that any product or service follows.

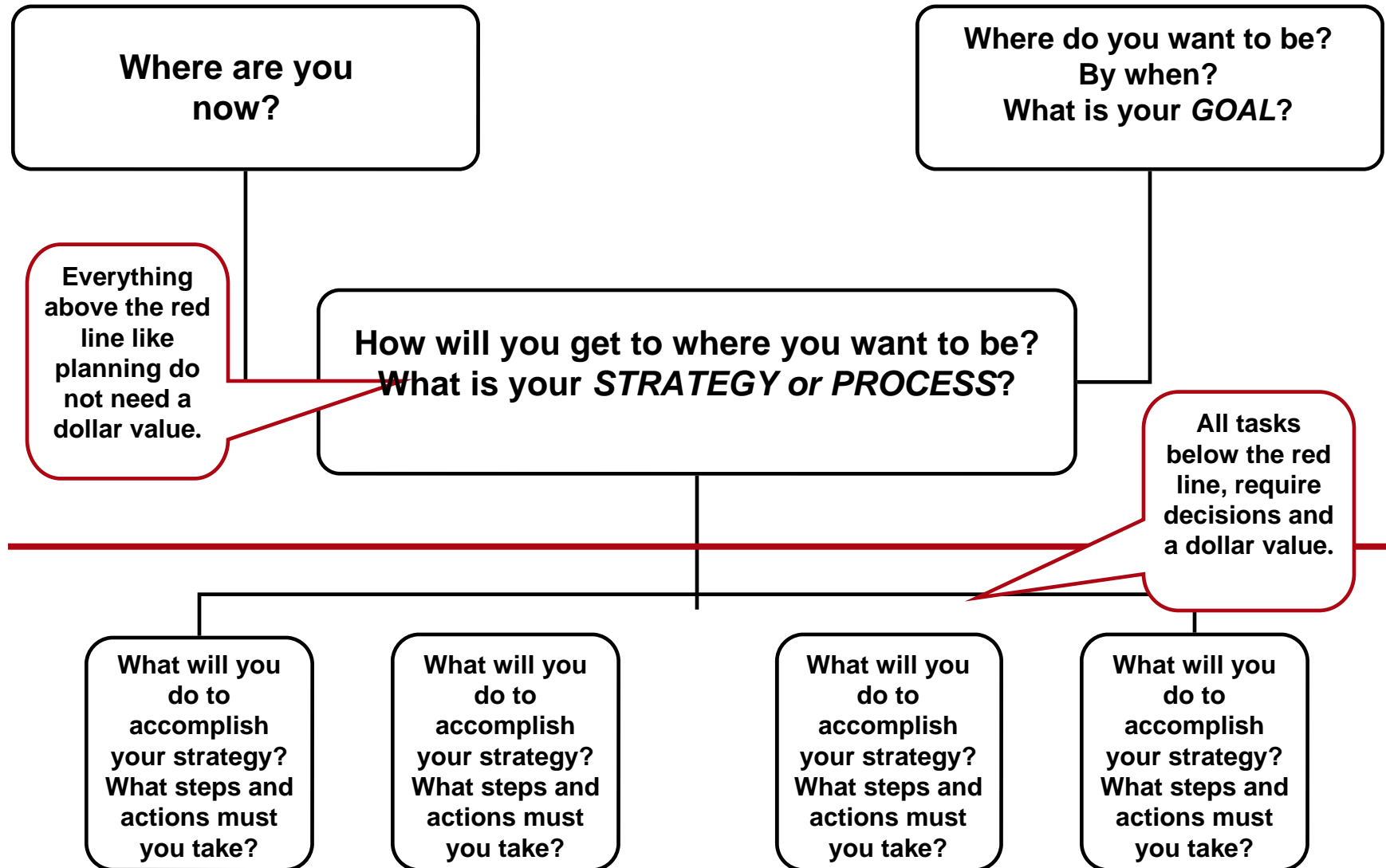
It can be also be used to show the steps in setting up a job.

## FLOWCHARTING

1. Can be used as a starting point to breakdown how your operating procedures effect your budget and cash flow.
2. For example, every decision you made about how to deliver your product or service has a task assigned to it.
3. Each task usually represents a cost to operate your business.



# FINDING THE WASTE IN THE PROCESS



# FLOWCHARTING

## What does flowcharting do?

- (1) Shows unexpected problem areas, repetition, unnecessary steps and where to simplify and standardize a process
- (2) Compares and contrasts the actual versus the ideal process in order to identify improvement areas
- (3) Allows a team (or individual) to examine which activities affect which part of a process

## A flowchart's standard steps

- (1) Determine where the process starts and where it ends.  
Q: What is the goal? How do you know it is successful?
- (2) Determine the steps of the process.  
Q: What are all of the major activities, inputs, outputs, and decisions that must be included, start to finish?  
Brainstorm ideas.
- (3) Put the steps of the process in order.  
Q: How will you arrange the steps in order as they are carried out?

## A flowchart's standard steps

### (4) Draw the flowchart.

- Be consistent in the level of detail used
- Use words in the process and steps that everyone understands.
- Did you include the title of your process?

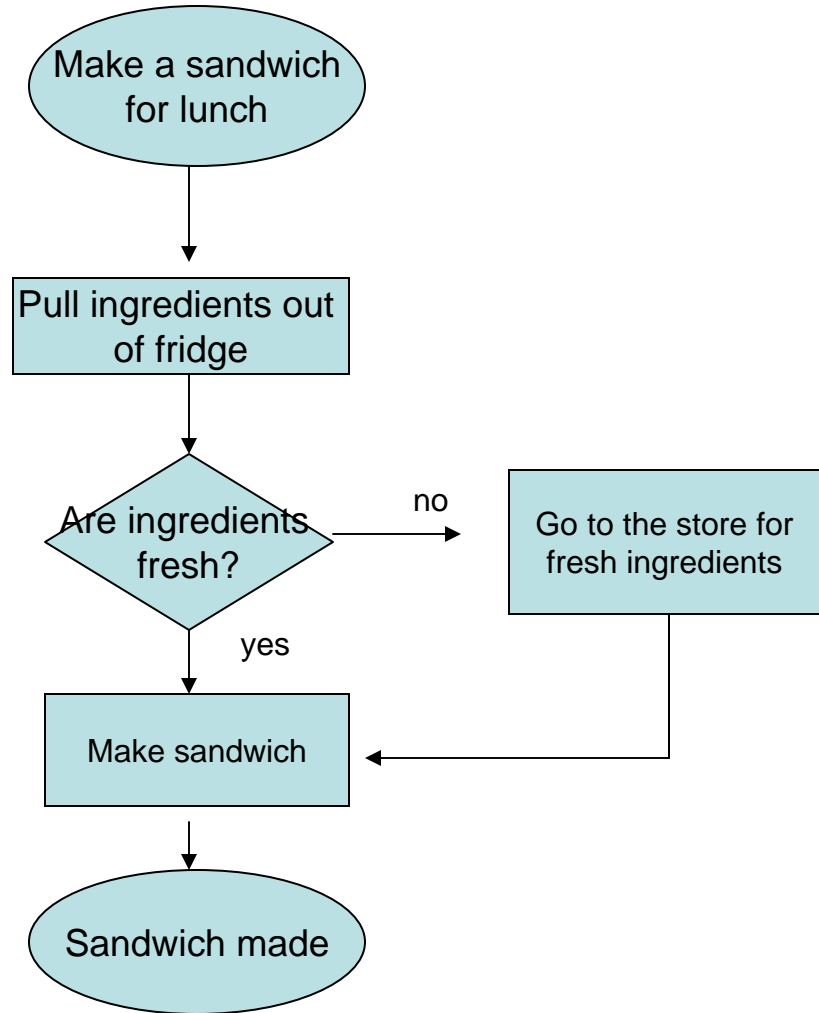
### (5) Test the flow for success and completeness.

Q: Is every feedback loop closed?

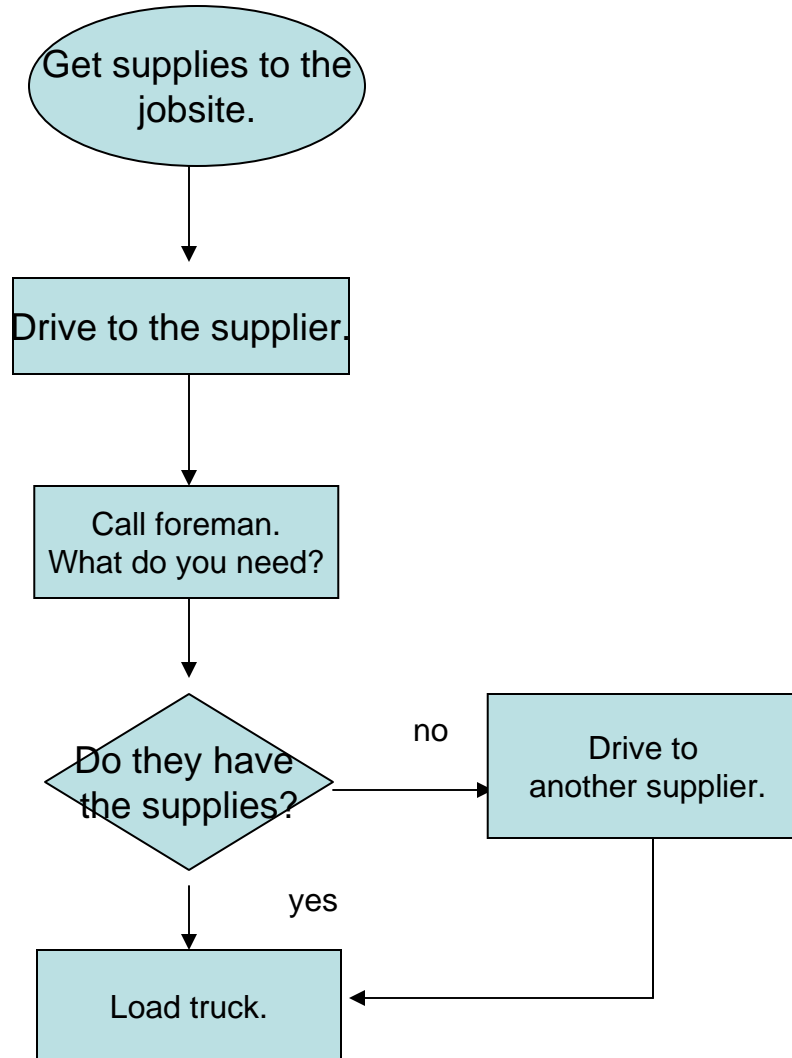
### (6) Finalize the chart.

Q: How different is the current process from the ideal one?

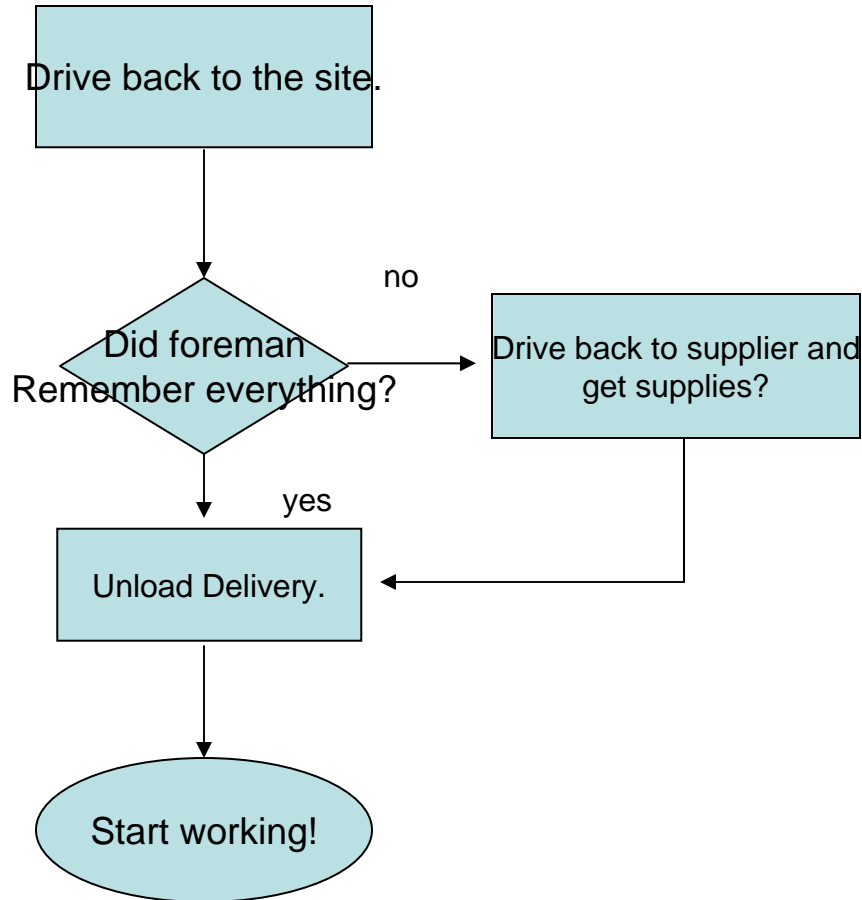
## Sample flow chart



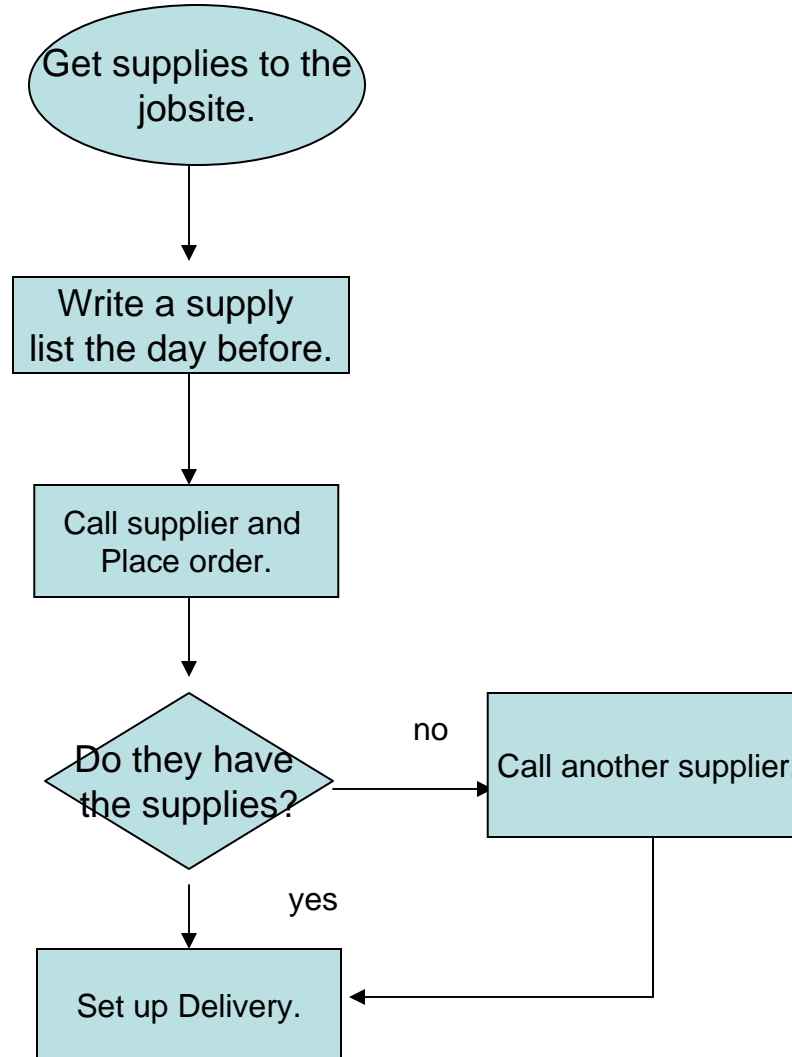
Sample flow chart:  
Getting supplies  
to the job site.



## Sample flow chart: Continued

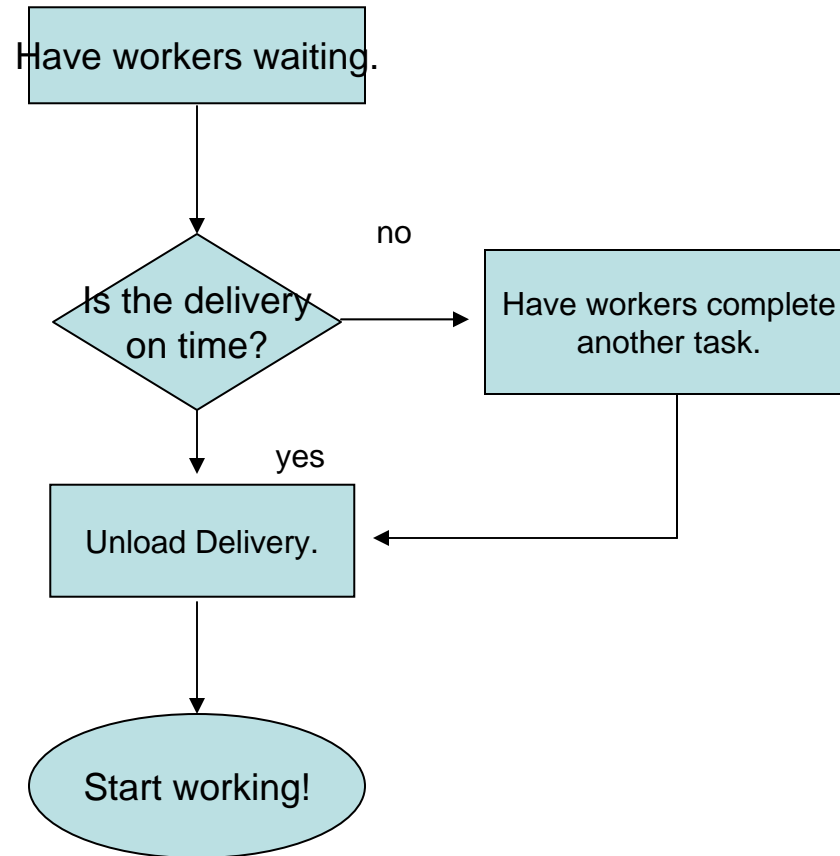


Sample flow chart:  
Getting supplies  
to the job site.





## Sample flow chart: Continued



## **67%**

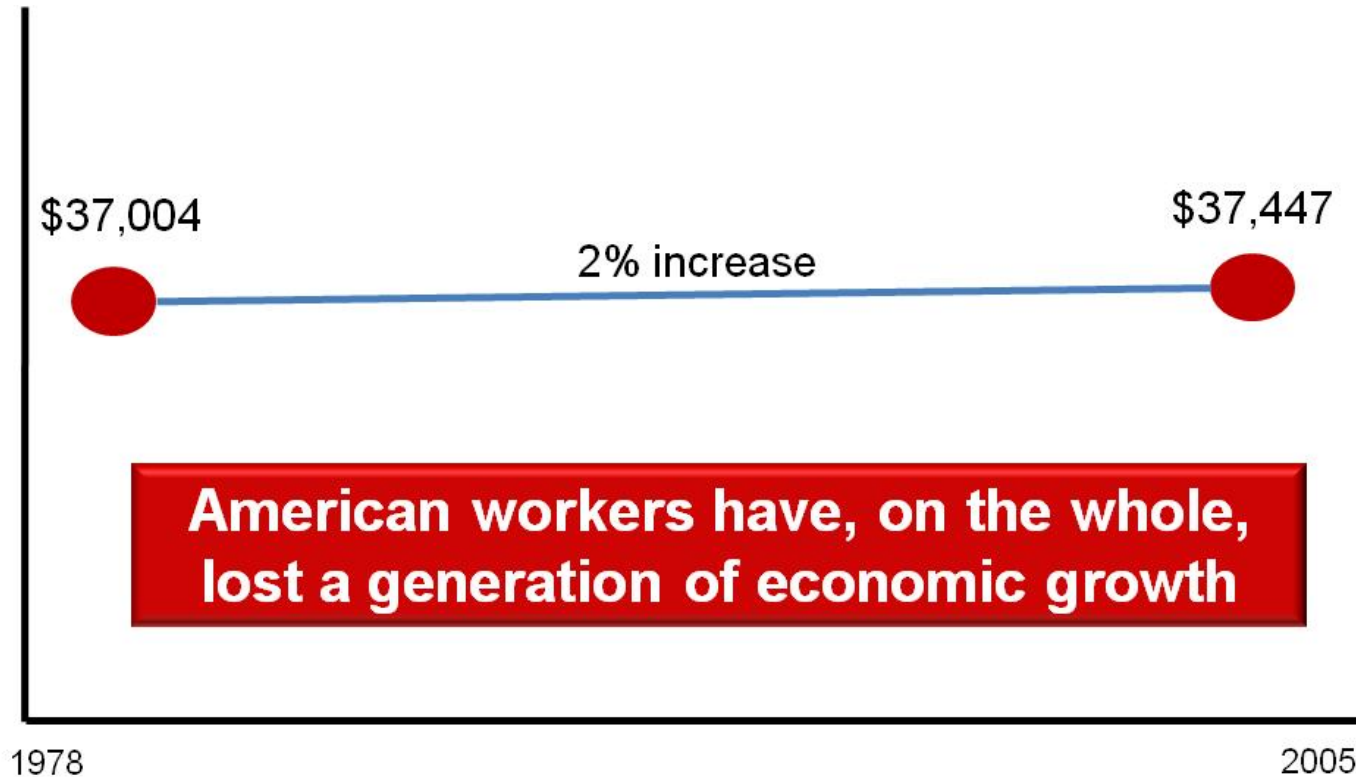
### **Americans live paycheck to paycheck.**

According to the 2007 Getting Paid in American Survey by the American Payroll Association

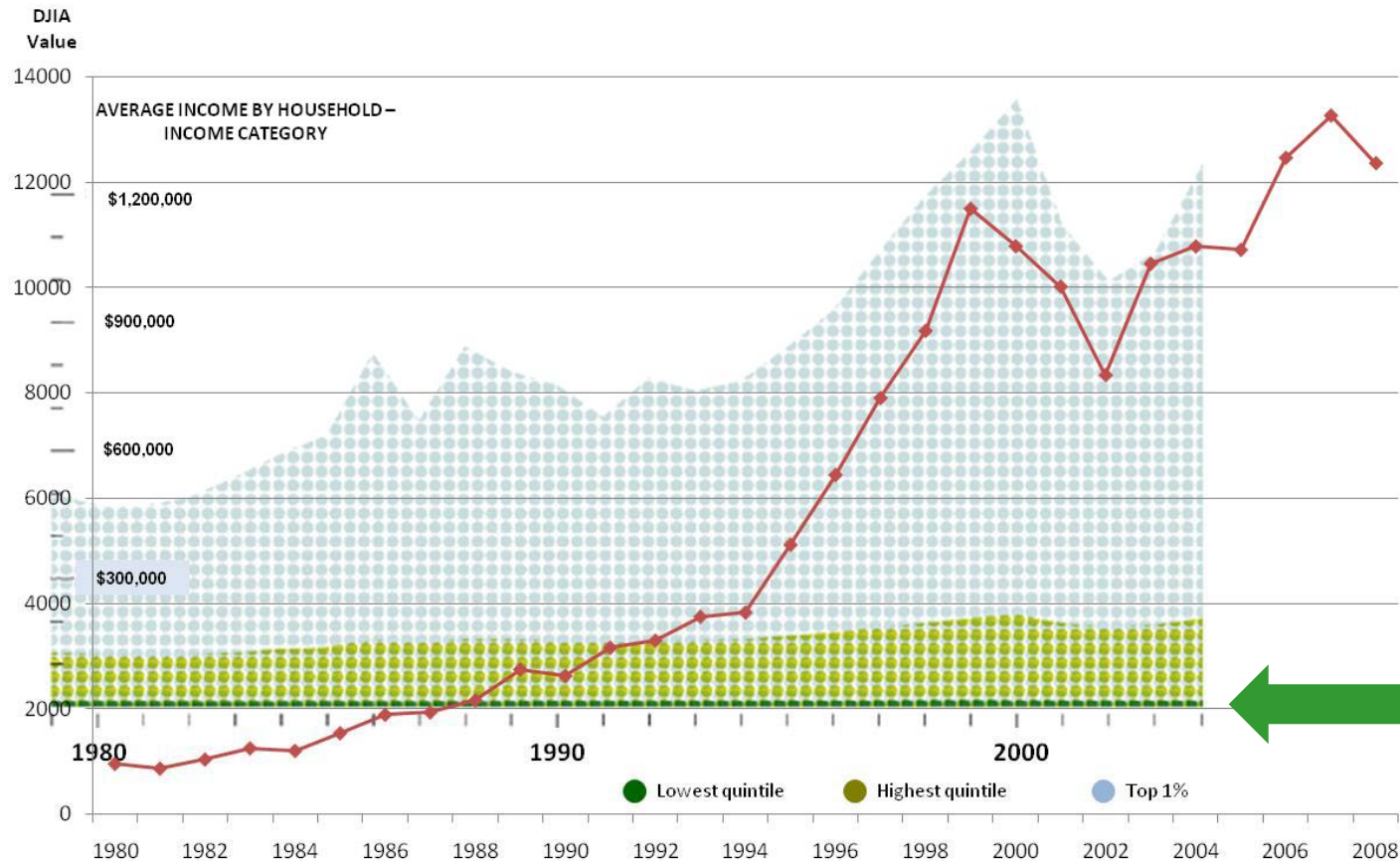
*“Many of us are no further than one layoff, one major illness or one national calamity away from plunging into a personal economic tailspin.”  
Michael Schuman The Small-Mart Revolution (2007)*

## **Stagnant Incomes**

According to the National Governor's Association 2007 report *A Call To Action, Why America Must Innovate*: "Despite the economy's overall, long-term success, Americans' median earnings are stagnating. In 1978, the median earnings (corrected for inflation) of full-time American workers were \$37,004. In 2005, 27 years later, they were \$37,447 — a mere 2% increase over the previous 27 years."

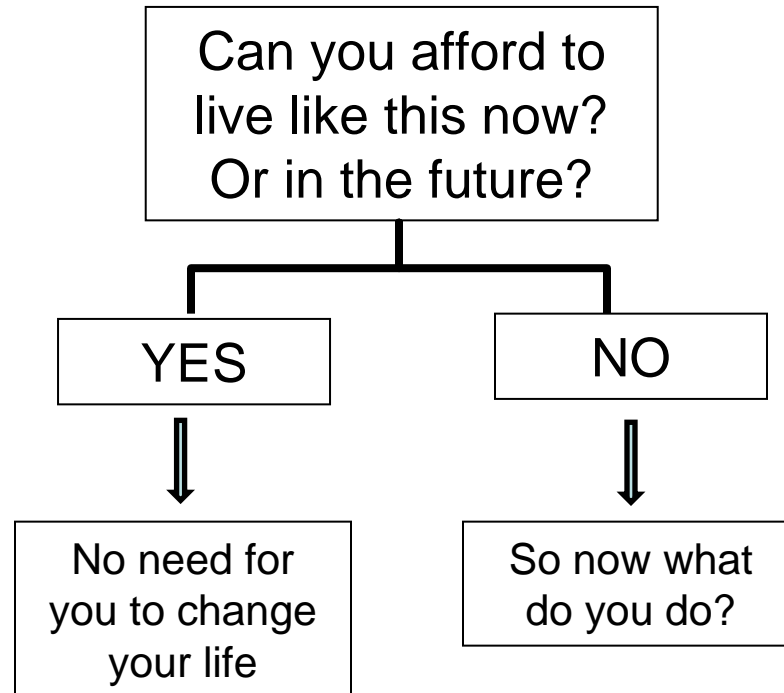


# Why you should start a business?



The red line represents the Dow Jones Industrial Average closing value on the last day of each year. The value for 2008 is for March 20. To download the actual data, please visit <http://www.djindexes.com/> click on Indexes, then click on Index Data to run a report for 1980-2008 for the DJIA. The Average Income by Household graph was published in *The New York Times* on June 10, 2007 in Roger Lowenstein's "The Inequality Conundrum."

# *Why you should start a business?*



# *Why you should start a business?*

So now what do you do?

Pick one from each column

## **Column A**

- Get a better full-time job
  - Get a part-time job in addition to your full-time job
- Buy and sell real estate
  - Invest in stocks
- Methodically build up wealth through doing what you love and working hard at it by starting and building your own company

## **Column B**

- Examine spending habits, spend less where you can, in order to save more

# Why you should start a business?

STRATEGY	ISSUES
•Get a better full-time job	<b>•<u>50%</u> of the nation's pension plans were terminated in the past decade</b> •According to the Pension Benefit Guaranty Corporation •Layoffs happen at large companies all the time.
•Get a part-time job in addition to your full-time job	<b>•Need training. No job security.</b>
•Buy and sell real estate	<b>•Need significant cash or credit and knowledge.</b>
•Invest in stocks	<b>•Need significant cash or credit and knowledge.</b>
•Methodically build up wealth through doing what you love and working hard at it by starting and building your own company	<b>•Need to identify what you enjoy doing and then take steps to figure out how to build a company around it.</b>

## ***Why you should start a business?***

- **Methodically build up wealth through doing what you love and working hard at it by starting and building your own company**

### **DOES NOT MEAN YOU HAVE TO...**

- Quit your full time and/or part time job
- Spend more than 80 hours a week
- Borrow thousands of dollars to get started.
- Spend years getting started.



For people who believe working a part-time job for someone else is going to provide more wealth...your challenge is to think differently, bigger and long term

# CHANGE EXAMPLE

Part Time Job						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Hours/Week	16	16	16	16	16	
\$/Hour	\$15	\$15	\$15	\$15	\$15	
Total Gross Income/Week	\$240	\$240	\$240	\$240	\$240	
Weeks in Year	52	52	52	52	52	Total
Gross Wages in Year	\$12,480	\$12,480	\$12,480	\$12,480	\$12,480	\$62,400

Starting Your Own Company						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Hours/Week	20	20	20	20	20	
\$/Hour	\$5	\$10	\$15	\$30	\$45	
Total Gross Income/Week	\$100	\$200	\$300	\$600	\$900	
Weeks in Year	52	52	52	52	52	Total
Gross Wages in Year	\$5,200	\$10,400	\$15,600	\$31,200	\$46,800	\$109,200

**Example – all numbers are made up and do not represent any type of guarantee**

In years one and two – you would have made more money working part time

In year three its almost break even

In years four and five you make much more working for yourself

\$62,400  
Five year  
total  
working  
part time

\$109,200  
Five year  
total from  
your own  
company

**\$46,800**

How much more you made with your own company over five years